

## CABINET

<b>Date of Meeting</b>	Tuesday, 15 <sup>th</sup> October 2024
<b>Report Subject</b>	Update on the Bus Network Grant and Local Bus Services in Flintshire
<b>Cabinet Member</b>	Cabinet Member for Streetscene and Transportation
<b>Report Author</b>	Chief Officer (Streetscene and Transportation)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

A report was taken to the Environment & Economy Overview & Scrutiny Committee in March 2024 to update committee members on the Welsh Government Bus Network Grant (BNG), which was introduced in April 2024. The BNG allows local authorities to procure commercially non-viable bus routes following the removal of the Bus Emergency Scheme (BES) and the Bus Transition Fund (BTF), which were put in place following the pandemic to help keep bus companies afloat and ensure that vital bus services continued to operate. A copy of the previous report has been enclosed for reference (see Appendix 1).

Six months on, the purpose of this report is to further update Cabinet members on the revenue pressures associated with the local bus service discretionary budget for the 2025/2026 financial year, whilst also informing of an in-year shortfall in BNG funding along with proposals to mitigate these pressures.

The report highlights the proposals to address the £270k shortfall for the revenue budget for local bus services, as well as a further £47k to address the regional shortfall of BNG.

### RECOMMENDATIONS

1	For Cabinet to recognise and support the proposals within the report.
2	For Cabinet to be aware that any delays incurred will represent budget pressures for Streetscene & Transportation and the authority in 2025/2026.
3	For Cabinet to note the requirement to allow 56 days' notice to the Traffic Commission (78 days for services into England) for any changes and/or termination of bus services.

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE BACKGROUND TO THE REPORT</b>
1.01	<p>A report was taken to the Environment &amp; Economy Overview &amp; Scrutiny Committee in March 2024 to update Members on the Welsh Government Bus Network Grant (BNG), which was introduced in April 2024.</p> <p>The BNG allows local authorities to procure commercially non-viable bus routes following the removal of the Bus Emergency Scheme (BES) and the Bus Transition Fund (BTF), which were put in place following the pandemic to help keep bus companies afloat and ensure that vital bus services continued to operate. A copy of the previous report has been enclosed for reference (see <b>Appendix 1</b>).</p>
1.02	<p><b>Bus Network Grant (BNG)</b></p> <p>The Bus Network Grant (BNG) was introduced in April 2024 to run alongside the existing discretionary Bus Service Support Grant (BSSG) scheme, which is funded by Welsh Government (WG), with funding of £25m allocated for the whole of Wales for the financial year 2024-2025. Flintshire is the host authority through which both grants are distributed to the region on behalf of WG. The allocation of BNG for north Wales is £5.6m and the allocation for BSSG across north Wales is £6.1m.</p>
1.03	<p>Whilst it had been anticipated previously that there were expected to be significant changes to the commercial bus network in Wales from April 2024 due to reduced funding, only minor service changes are now required.</p>
1.04	<p>Although the north Wales region has an allocation of £5.6m for this financial year to procure the commercially non-viable services, there is currently a shortfall of £187k across the region. WG has stipulated that there will be no additional BNG available for 2024/2025, and that local authorities will need to remain within budget and, as such, Flintshire is required to make savings of £47k this financial year to cover its proportion of the shortfall.</p>
1.05	<p>At the time of presenting this report to the Scrutiny Committee, it was expected that significant changes were going to have to be made to the X4 bus service that operates between Mold and Chester Bus Park and the f10 and f11 bus services between Rhyl, Connah's Quay and Chester in order to mitigate against the shortfall. However, in the intervening time, the bus operator has come forward and indicated that the cost savings required for the BNG can be accommodated without making any service changes. This is an amendment to what was originally reported through the Scrutiny Committee cycle earlier this month.</p>
1.06	<p><b>Local Bus Service Revenue Budget</b></p> <p>In March 2024, the Integrated Transport Unit (ITU) reprocurved all subsidised local bus services, which saw an increase in contractor costs and resulted in a subsequent in-year budget pressure of £270k. The effects of the Covid pandemic, the global impact on fuel, energy, and other operator costs (insurance, drivers' wages etc.) and limited competition within the bus industry has resulted in a sharp rise in contract prices nationally, and in Flintshire.</p>

	<p>Consequently, WG has permitted all local authorities in Wales to continue utilising the funding available from the BNG this financial year to assist with this immediate pressure. However, local authorities need to be mindful that, whilst the BNG can be utilised to mitigate local bus contract price increases, utilisation of this funding to mitigate overspends will limit the funding available to support the overall network.</p>
1.07	<p>Whilst the £270k annual pressure has been mitigated for the 2024/2025 financial year (via the use of BNG), it is essential that this recurring annual pressure is addressed more sustainably for future years. In order to do this, a review of local bus services has been undertaken and a proposal to mitigate this overspend for the 2025/2026 financial year and beyond is presented below.</p>
1.08	<p><b>Terminate the Service 5 at the DIP</b></p> <p>The Service 5, which operates from Mold to Ellesmere Port via the Deeside Industrial Park (DIP) and forms part of the approved core bus network in Flintshire (see <b>Appendix 2</b>), although the extension to Ellesmere Port is not part of the core network. This service was re-procured in March 2024 along with all other subsidised services, but the cost of the contract has increased to £360,000 per annum (which equates to a £9k per month increase). The cost is also high value for the number of passengers utilising the service in terms of cost per passenger (see data enclosed within <b>Appendix 3</b> of this report).</p> <p>Although this service forms part of the core bus network, there were aspirations for this service to terminate at Hooton Train Station for onward travel opportunities into Liverpool; however, due to funding constraints, this did not happen.</p> <p>The current recharge to Cheshire West &amp; Chester (CWaC) Council for its contribution to the mileage within Cheshire is minimal and initial discussions with CWaC have indicated that an increase in contribution is unlikely to be deemed to be cost effective given the limited passenger numbers travelling within Cheshire and availability of other services for residents in Cheshire.</p> <p>It is therefore proposed that the Service 5 is terminated at the Deeside Industrial Park for the reasons outlined below:</p> <ul style="list-style-type: none"> <li>• Passenger numbers indicate a minimal loss of service for Flintshire residents into Cheshire.</li> <li>• Recharges are minimal and CWaC is unlikely to increase its contribution due to low passenger numbers.</li> <li>• Potential for a decrease in contract costs following the re-procurement of the reduced revised service.</li> <li>• Potential to increase service frequency to every 30 minutes or hourly (75mins currently) because of reduced journey length - this would meet the needs of employees working shifts on the DIP.</li> <li>• Additional potential to improve access into the DIP (Zone 1 and 2) to offer better access from the Mold and Buckley areas – this will need to be balanced against any frequency improvements.</li> <li>• Possible access to additional funding from Transport for Wales/Welsh Government as a result of improving employment opportunities.</li> <li>• Encourages use of bus travel and would go towards the Council’s aims to reduce the carbon emissions.</li> </ul>

	Whilst it would only be possible to determine accurate savings via a retendering exercise, it is estimated that the savings generated would be sufficient to mitigate the annual pressure indicated.
--	--

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The review, amendment and implementation of amended services will be undertaken by the Council's in-house Integrated Transport Unit (ITU).
2.02	Should the proposals not be taken forward, the existing revenue budget will not be sufficient to run the services in its current form, which would result in an annual overspend. This is a significant risk to the authority given the current financial situation.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	Buses play a vital role and are hugely important if we are to make our air cleaner and meet net zero ambitions. They enable people to shop, visit friends and family, get to work and access vital services, and for many people are a lifeline as they face the current cost of living crisis. However, passenger numbers have not returned to those seen before the pandemic and, without continued financial support, some routes will no longer be viable and will have to be reduced. This is likely to have an impact on people who rely on these services to get to work, visit family and access essential services, including doctors and affordable food shopping.
3.02	This is an operational report and therefore a full integrated impact assessment is not required; however, subject to approval, any amendments that are made to the bus services are intended to have the lowest impact in terms of passenger numbers affected.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	Cabinet Member for Streetscene and Transportation
4.02	Consultation with passengers affected by any changes or reductions to bus services.
4.03	Consultation with transport operators following the outcome of the procurement exercise.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Update on the Bus Emergency Scheme (BES) – Scrutiny Report March 2024.

5.02	Appendix 2 – Map of the approved core bus network
5.03	Appendix 3 - Service 5 passenger data

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
	<p><b>Contact Officer:</b> Anthony Stanford, Transportation Service Manager  <b>Telephone:</b> 07966 430212  <b>E-mail:</b> <a href="mailto:anthony.stanford@flintshire.gov.uk">anthony.stanford@flintshire.gov.uk</a></p> <p><b>Contact Officer:</b> Helen Telford, Integrated Transport Unit Manager  <b>Telephone:</b> 01352 704531  <b>E-mail:</b> <a href="mailto:helen.telford@flintshire.gov.uk">helen.telford@flintshire.gov.uk</a></p>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Bus Emergency Scheme (BES)</b> – Emergency funding provided by Welsh Government to help sustain commercial bus Operators in order to ensure that vital commercial bus services were retained during and immediately following the Covid19 pandemic.</p> <p><b>Bus Transition Fund (BTF)</b> – Grant provided by Welsh Government to replace BES, which commenced in June 2023 and ended in March 2024.</p> <p><b>Bus Network Grant (BNG)</b> – Grant provided by Welsh Government to allow local authorities to procure commercially non-viable bus services from April 2024 and effectively replaced BTF.</p> <p><b>Bus Service Support Grant (BSSG)</b> – Grant provided by Welsh Government to deliver transport objectives set out in the Welsh Transport Strategy and the National Transport Finance Plan.</p> <p><b>Commercial Bus Services</b> – Bus services that operate without any public subsidy. Bus companies are free to decide how, where and when they will run commercial services that will provide a financial return. This includes the route, stops, timetables and fares.</p> <p><b>Transport for Wales (TfW)</b> - the body established by Welsh Government to deliver transport priorities in Wales.</p> <p><b>Integrated Transport Unit (ITU)</b> – The Council’s in-house transport team.</p>